

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6633

BILL NUMBER: HB 1154

NOTE PREPARED: Jan 26, 2010

BILL AMENDED: Jan 25, 2010

SUBJECT: Marion County Magistrates.

FIRST AUTHOR: Rep. Pryor

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- A. It allows the judges of the Marion Superior Court and the judge of the Marion Circuit Court to appoint not more than 24 additional full-time magistrates if the executive committee of the Marion Superior Court imposes and collects an infraction judgment for each traffic violation in Marion County that is: (1) at least \$35; and (2) deposited in the state General Fund.
- B. It provides that, if at the end of a fiscal year the controller of the city of Indianapolis and the state Office of Management and Budget determine that the amount of money deposited in the state General Fund was less than the amount of the salaries paid by the state to the magistrates, the treasurer of Marion County shall transfer to the Auditor of State for deposit in the state General Fund an amount equal to the difference between: (1) the amount of money deposited in the state General Fund; and (2) the amount of the salaries paid by the state to the magistrates; during the previous city fiscal year.
- C. It requires Marion County to annually deposit money in the Marion County Guardian Ad Litem Fund in an amount equal to difference between: (1) the total amount of the salaries paid to the commissioners and other personnel replaced by the additional magistrates in the last full city fiscal year of their employment; and (2) the amount transferred to the Auditor of State for deposit in the state General Fund.

Effective Date: July 1, 2010; January 1, 2011.

Summary of NET State and Local Impact: (Revised) As proposed, for the state of Indiana, the new magistrates that are created in this bill are paid from the following:

- By increasing infraction judgments to \$35 for traffic infractions in Marion County's superior courts, where all traffic cases are heard and
- By a reconciliation between the state Office of Management and Budget and the Controller of the city of Indianapolis at the end of the city's fiscal year.

There should be no additional costs for the state.

In turn, Marion County would save an estimated \$1.2 M annually by replacing county-paid commissioners with state-paid magistrates. The expected reconciliation with the state for the difference in the costs of the new magistrates and the added revenue from infraction judgments would be more than offset by Marion County no longer paying the salaries of 24 commissioners. This savings would be annually deposited into Marion County's Guardian Ad Litem Fund.

| Summary of Expected Changes (in Millions) for Marion County and the State of Indiana | | |
|---|------------------|---------------------|
| | Marion County | State of Indiana |
| Commissioner Expenditure Savings (Includes Benefits) | \$2.33 | |
| New Magistrates | | (\$3.23) |
| New Infractions Revenue | | \$2.10 |
| Reconciliation (Difference between Magistrate Expenditures and Infraction Judgments Revenue) | <u>(\$1.13)</u> | <u>\$1.13</u> |
| Net Savings for Marion County (deposited into Guardian Ad Litem Fund) | \$1.20 | \$0.00 |

Explanation of State Expenditures: *Costs of New Magistrates* – The following table shows estimates of the total compensation (base salary and fringe benefits) of magistrates during FY 2011. Future salary increases will depend on legislative or administrative actions (see IC 33-38-5-8.1).

| Salaries and Benefits for Magistrates | |
|---|-----------------|
| <u>Benefits</u> | |
| Salary | \$100,518 |
| Life Insurance | \$362 |
| Indiana Judicial Conference | \$1,000 |
| Social Security | \$7,690 |
| Retirement | \$9,348 |
| Disability Insurance | \$2,292 |
| Deferred Compensation Match | \$390 |
| Health, Dental, and Vision (blended rate) | <u>\$12,991</u> |
| Total Cost Per Judicial Officer | \$134,591 |
| Number of New Magistrates | x <u>24</u> |
| Added Costs In Millions for State General Fund | \$3.23 |

Explanation of State Revenues: If the Marion County courts continue to assess \$35 for traffic infractions and the actual collection rates continue, LSA anticipates the added revenues would be in the range of \$2.1 M depending on collection rates.

The added costs for the new magistrates would be offset by the additional revenue that Marion Superior Courts charge in infraction cases. Under IC 34-28-5-4, the maximum judgments for infractions is \$500 for Class C infractions, \$1,000 for Class B infractions, and \$10,000 for Class A infractions.

Background– The following table shows how the cost components of the traffic tickets have changed since 2003.

| Marion County's Traffic Tickets | | | | | |
|--|---------------------------|--------------------|-------------------|----------------------------|----------------------|
| <u>Year</u> | <u>Total Traffic Cost</u> | <u>Court Costs</u> | <u>Other Fees</u> | <u>Infraction Judgment</u> | <u>Jail Bed Fees</u> |
| 2003 | \$110.00 | \$70.00 | \$14.50 | \$25.50 | \$0.00 |
| 2004 | \$150.00 | \$70.00 | \$54.50 | \$25.50 | \$40.00 |
| 2004 | \$150.00 | \$70.00 | \$56.50 | \$23.50 | \$40.00 |
| 2005 | \$150.00 | \$70.00 | \$76.50 | \$3.50 | \$40.00 |
| 2006 | \$150.00 | \$70.00 | \$79.50 | \$0.50 | \$40.00 |
| 2007 | \$150.00 | \$70.00 | \$79.50 | \$0.50 | \$39.00 |
| 2008 | \$150.00 | \$70.00 | \$79.50 | \$0.50 | \$35.00 |
| 2009 | \$150.00 | \$70.00 | \$79.50 | \$35.50 | \$0.00 |
| Note: "other fees" include Judicial Salaries Fee, Automated Recordkeeping Fee, Law Enforcement Continuing Education Fee, Jury Fee, Highway Work Zone Fee, Judicial Insurance Adjustment Fee, DNA Processing Fee, Public Defense Administration Fee, Judicial Salary Fee, and Court Administration Fee. | | | | | |

Prior to 2004, Marion County courts routinely charged \$110 for each infraction. Beginning in July 2004, Marion County courts increased the total traffic ticket to \$150 by adding a \$40 Jail Bed Fee to pay for the cost of new jail beds. When the Marion County Superior Court decided to implement the Odyssey Case Management System in 2008-2009, the Indiana Supreme Court's Judicial Technology Automation Project audited the business practices.

During the analysis, the Supreme Court staff discovered that the Jail Bed Fee was not authorized by state law. Instead, the court's executive committee increased the infraction judgment to \$35 beginning in February 2009. [Note: Marion County's courts have the discretion to reduce the amount charged for infraction judgments. The reduced infraction would also reduce the revenue currently to be deposited in the state General Fund.]

On average, the revenue collected from each ticket has ranged between \$24 and \$29. The local revenue reported for 2009 was for January and a portion of February.

| Revenue Received From Traffic Tickets | | | | |
|---------------------------------------|-----------------|-------------------------|-------------------------|--------------------------|
| CY | Traffic Tickets | Local Revenue Collected | State Revenue Collected | Average Revenue Per Case |
| 2004 | 43,604 | \$1,181,840 | | \$27 |
| 2005 | 63,675 | \$1,845,177 | | \$29 |
| 2006 | 71,153 | \$1,904,319 | | \$27 |
| 2007 | 80,723 | \$2,123,933 | | \$26 |
| 2008 | 85,335 | \$2,065,640 | | \$24 |
| 2009 | n/a | \$360,354 | \$1,341,364 | |

Explanation of Local Expenditures: Depending on the revenue generated from the infraction judgments, Marion County would pay the state of Indiana for the balance of the salaries and benefits paid for the new magistrates. The net savings to Marion County would be about \$1.2 M annually.

After the reconciliation, any savings that Marion County realizes by terminating the position of a court commissioner will be deposited into Marion County's Guardian Ad Litem Fund at the end of the city/county fiscal year. Marion County estimates that it might need to pay \$1.5 M for Guardian Ad Litem services for Children in Need of Services (CHINS). [This portion of the fiscal note will be updated later as more information is available.]

Marion County currently pays for 24 commissioners, who are hearing officers similar to magistrates. Their average salary and benefits is \$93,187. Marion County could reduce salary expenditures by an estimated \$2.33M annually if these commissioners are converted to magistrates and Marion County courts hire no more commissioners to replace those who were converted into magistrates. A portion of this cost savings would be offset by annual reconciliations between the Indianapolis City Controller and the state's Office of Management and Budget. However, the bill also requires that the amount of the commissioner salaries (estimated at \$2.33M) are to be deposited into the Guardian Ad Litem Fund.

Explanation of Local Revenues:

State Agencies Affected: State Office of Management and Budget.

Local Agencies Affected: Marion County Circuit and Superior Courts.

Information Sources: Heather Welch, Marion Superior Court Civil Division #12; Mary Deprez, Director and Counsel for Trial Court Technology, Indiana Supreme Court.

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